

Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended.

Local Government Type <input type="checkbox"/> City <input type="checkbox"/> Township <input type="checkbox"/> Village <input type="checkbox"/> Other				Local Government Name		County	
Audit Date		Opinion Date		Date Accountant Report Submitted to State:			

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the *Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan* by the Michigan Department of Treasury.

We affirm that:

1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.

We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations

You must check the applicable box for each item below.

- ☐ Yes ☐ No 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements.
- ☐ Yes ☐ No 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980).
- ☐ Yes ☐ No 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended).
- ☐ Yes ☐ No 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act.
- ☐ Yes ☐ No 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]).
- ☐ Yes ☐ No 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit.
- ☐ Yes ☐ No 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year).
- ☐ Yes ☐ No 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241).
- ☐ Yes ☐ No 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95).

We have enclosed the following:	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.			
Reports on individual federal financial assistance programs (program audits).			
Single Audit Reports (ASLGU).			

Certified Public Accountant (Firm Name)				
Street Address		City	State	ZIP Code
Accountant Signature <i>Siegfried Crandall P.C.</i>			Date	

Township of Barry
Barry County, Michigan
**FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS' REPORT**
Year ended March 31, 2006

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INDEPENDENT AUDITORS' REPORT

**Board of Trustees
Township of Barry, Michigan**

We have audited the accompanying financial statements of the governmental activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the Township of Barry, Michigan, as of March 31, 2006, and for the year then ended, which collectively comprise the Township's basic financial statements, as listed in the contents. These financial statements are the responsibility of the Township of Barry, Michigan's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with U.S. generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the Township of Barry, Michigan, as of March 31, 2006, and the respective changes in financial position for the year then ended in conformity with U.S. generally accepted accounting principles.

The budgetary comparison information, on pages 19 through 21, is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

The Township of Barry, Michigan has not presented the management's discussion and analysis that the Governmental Accounting Standards Board has determined is necessary to supplement, although not required to be a part of, the financial statements.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Township of Barry, Michigan's basic financial statements. The accompanying supplementary information is presented for the purpose of additional analysis and is not a required part of the basic financial statements. The supplementary information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Sigfried Crandall P.C.

May 3, 2006

BASIC FINANCIAL STATEMENTS

Township of Barry
STATEMENT OF NET ASSETS
 March 31, 2006

	<u>Primary government</u>	<u>Component units</u>	
	<u>Governmental activities</u>	<u>BPH Fire Department</u>	<u>Delton District Library</u>
ASSETS			
Current assets:			
Cash	\$ 1,949,862	\$ 18,789	\$ 163,486
Due from primary government	-	-	6,950
Receivables, net	<u>237,713</u>	<u>-</u>	<u>24,000</u>
Total current assets	<u>2,187,575</u>	<u>18,789</u>	<u>194,436</u>
Noncurrent assets:			
Receivables, net	602,905	-	-
Capital assets, net of accumulated depreciation	<u>490,303</u>	<u>454,266</u>	<u>675,941</u>
Total noncurrent assets	<u>1,093,208</u>	<u>454,266</u>	<u>675,941</u>
Total assets	<u>3,280,783</u>	<u>473,055</u>	<u>870,377</u>
LIABILITIES			
Current liabilities:			
Payables	17,214	3,724	3,694
Due to component unit	6,950	-	-
Unearned revenue	165,550	-	-
Current portion of long-term obligations	<u>100,870</u>	<u>-</u>	<u>-</u>
Total current liabilities	290,584	3,724	3,694
Noncurrent liabilities - long-term obligations	<u>503,292</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>793,876</u>	<u>3,724</u>	<u>3,694</u>
NET ASSETS			
Invested in capital assets, net of related debt	490,303	454,266	675,941
Restricted for:			
Public safety	992,261	-	-
Public works	2,254	-	-
Debt service	5,637	-	-
Unrestricted	<u>996,452</u>	<u>15,065</u>	<u>190,742</u>
Total net assets	<u>\$ 2,486,907</u>	<u>\$ 469,331</u>	<u>\$ 866,683</u>

See notes to the financial statements

Township of Barry
STATEMENT OF ACTIVITIES
Year ended March 31, 2006

		Program revenues		
		Charges for	Operating	Capital
	<u>Expenses</u>	<u>services</u>	<u>grants and</u>	<u>grants and</u>
			<u>contributions</u>	<u>contributions</u>
Functions/Programs				
Primary government				
Governmental activities:				
Legislative	\$ 5,439	\$ -	\$ -	\$ -
General government	228,836	10,225	-	-
Public safety	326,929	11,620	5,746	-
Public works	86,535	11,205	-	36,370
Culture and recreation	29,906	-	-	-
Interest on long-term debt	37,410	-	-	-
Total primary government	<u>\$ 715,055</u>	<u>\$ 33,050</u>	<u>\$ 5,746</u>	<u>\$ 36,370</u>
Component units				
Public safety	\$ 99,054	\$ 105,506	\$ 33,231	\$ 166,536
Culture and recreation	204,641	32,671	105,189	-
Total component units	<u>\$ 303,695</u>	<u>\$ 138,177</u>	<u>\$ 138,420</u>	<u>\$ 166,536</u>
General revenues:				
Property taxes				
State shared revenue				
Unrestricted interest income				
Other				
Total general revenues				
Change in net assets				
Net assets - beginning				
Net assets - ending				

Net (expenses) revenues and changes in net assets

<i>Primary government</i>	<i>Component units</i>	
	<i>BPH</i>	<i>Delton</i>
<i>Governmental activities</i>	<i>Fire Department</i>	<i>District Library</i>
\$ (5,439)		
(218,611)		
(309,563)		
(38,960)		
(29,906)		
<u>(37,410)</u>		
<u>(639,889)</u>		
	\$ 206,219	\$ -
	<u>-</u>	<u>(66,781)</u>
	<u>206,219</u>	<u>(66,781)</u>
459,916	-	-
259,100	-	-
50,983	197	6,903
<u>13,558</u>	<u>5,914</u>	<u>22,910</u>
<u>783,557</u>	<u>6,111</u>	<u>29,813</u>
143,668	212,330	(36,968)
<u>2,343,239</u>	<u>257,001</u>	<u>903,651</u>
<u>\$ 2,486,907</u>	<u>\$ 469,331</u>	<u>\$ 866,683</u>

See notes to the financial statements

Township of Barry
BALANCE SHEET - governmental funds

March 31, 2006

	<u>General</u>	<u>Special Fire</u>	<u>Police</u>	<u>Brooklodge Road</u>
ASSETS				
Cash	\$ 934,597	\$ 517,993	\$ 433,512	\$ 26,366
Receivables, net	<u>49,188</u>	<u>17,314</u>	<u>17,072</u>	<u>107,262</u>
Total assets	<u>\$ 983,785</u>	<u>\$ 535,307</u>	<u>\$ 450,584</u>	<u>\$ 133,628</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Payables	\$ 2,635	\$ -	\$ 737	\$ -
Due to component unit	6,950	-	-	-
Deferred revenue	<u>-</u>	<u>-</u>	<u>-</u>	<u>133,600</u>
Total liabilities	<u>9,585</u>	<u>-</u>	<u>737</u>	<u>133,600</u>
Fund balances:				
Unreserved, undesignated	974,200	535,307	449,847	28
Unreserved, reported in nonmajor - special revenue funds	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total fund balances	<u>974,200</u>	<u>535,307</u>	<u>449,847</u>	<u>28</u>
Total liabilities and fund balances	<u>\$ 983,785</u>	<u>\$ 535,307</u>	<u>\$ 450,584</u>	<u>\$ 133,628</u>

Total fund balance

Amounts reported for *governmental activities* in the statement of net assets (page 5) are different because:

Certain special assessments receivable are not available to pay for current period expenditures and, therefore, are deferred in the funds.

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.

Long-term obligations, including contracts payable, are not due and payable in the current period and, therefore, are not reported in the funds.

Net assets of *governmental activities*

<i>Crooked Lake Sewer</i>	<i>Fair Lake Sewer</i>	<i>Nonmajor governmental funds</i>	<i>Total governmental funds</i>
\$ 409	\$ 5,215	\$ 31,770	\$ 1,949,862
<u>182,350</u>	<u>434,342</u>	<u>33,090</u>	<u>840,618</u>
<u>\$ 182,759</u>	<u>\$ 439,557</u>	<u>\$ 64,860</u>	<u>\$ 2,790,480</u>
\$ 8,976	\$ 3,541	\$ 1,325	\$ 17,214
-	-	-	6,950
<u>173,374</u>	<u>430,788</u>	<u>31,950</u>	<u>769,712</u>
<u>182,350</u>	<u>434,329</u>	<u>33,275</u>	<u>793,876</u>
409	5,228	-	1,965,019
-	-	31,585	31,585
<u>409</u>	<u>5,228</u>	<u>31,585</u>	<u>1,996,604</u>
<u>\$ 182,759</u>	<u>\$ 439,557</u>	<u>\$ 64,860</u>	<u>\$ 2,790,480</u>
			\$ 1,996,604
			604,162
			490,303
			<u>(604,162)</u>
			<u>\$ 2,486,907</u>

See notes to the financial statements

Township of Barry**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES - governmental funds**

Year ended March 31, 2006

	<u>General</u>	<u>Special Fire</u>	<u>Police</u>	<u>Brooklodge Road</u>
REVENUES				
Property taxes	\$ 94,926	\$ 182,495	\$ 182,495	\$ -
State grants	262,870	-	1,976	-
Charges for services	8,150	-	-	-
Interest and rentals	28,152	12,686	9,262	28
Other	6,600	153	2,907	-
	<u>400,698</u>	<u>195,334</u>	<u>196,640</u>	<u>28</u>
Total revenues				
EXPENDITURES				
Legislative	5,439	-	-	-
General government	222,975	-	-	-
Public safety	-	105,574	117,918	-
Public works	140,495	-	-	-
Culture and recreation	29,906	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
Capital outlay	4,010	-	4,311	-
	<u>402,825</u>	<u>105,574</u>	<u>122,229</u>	<u>-</u>
Total expenditures				
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(2,127)</u>	<u>89,760</u>	<u>74,411</u>	<u>28</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	-	(69,692)	-	-
	<u>-</u>	<u>(69,692)</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)				
NET CHANGES IN FUND BALANCES	<u>(2,127)</u>	<u>20,068</u>	<u>74,411</u>	<u>28</u>
FUND BALANCES - BEGINNING	<u>976,327</u>	<u>515,239</u>	<u>375,436</u>	<u>-</u>
FUND BALANCES - ENDING	<u>\$ 974,200</u>	<u>\$ 535,307</u>	<u>\$ 449,847</u>	<u>\$ 28</u>

<i>Crooked Lake Sewer</i>	<i>Fair Lake Sewer</i>	<i>Nonmajor governmental funds</i>	<i>Total governmental funds</i>
\$ -	\$ -	\$ -	\$ 459,916
-	-	-	264,846
-	-	13,695	21,845
8,548	29,001	716	88,393
<u>48,388</u>	<u>59,365</u>	<u>15,103</u>	<u>132,516</u>
<u>56,936</u>	<u>88,366</u>	<u>29,514</u>	<u>967,516</u>
-	-	-	5,439
-	-	250	223,225
-	-	80,960	304,452
-	-	13,955	154,450
-	-	-	29,906
48,388	59,365	-	107,753
8,545	28,865	-	37,410
<u>-</u>	<u>-</u>	<u>461</u>	<u>8,782</u>
<u>56,933</u>	<u>88,230</u>	<u>95,626</u>	<u>871,417</u>
<u>3</u>	<u>136</u>	<u>(66,112)</u>	<u>96,099</u>
-	-	69,692	69,692
<u>-</u>	<u>-</u>	<u>-</u>	<u>(69,692)</u>
<u>-</u>	<u>-</u>	<u>69,692</u>	<u>-</u>
3	136	3,580	96,099
<u>406</u>	<u>5,092</u>	<u>28,005</u>	<u>1,900,505</u>
<u>\$ 409</u>	<u>\$ 5,228</u>	<u>\$ 31,585</u>	<u>\$ 1,996,604</u>

See notes to the financial statements

Township of Barry

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES - governmental funds (Continued)**

Year ended March 31, 2006

Net change in fund balances - total governmental funds (page 8) \$ 96,099

Amounts reported for *governmental activities* in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities the costs of those assets are allocated over their estimated useful lives as depreciation expense.

Add - capital outlay	100,002
Deduct - depreciation expense	(52,433)

Repayment of long-term obligation principal is an expenditure in the governmental funds, but the repayment reduces long-term obligations in the statement of net assets.

Add - principal payments on long-term obligations	108,793
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Because some special assessments will not be collected until subsequent periods, they are not considered available revenues and are deferred in the governmental funds.

Deduct - decrease in deferred special assessment revenues	<u>(108,793)</u>
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Change in net assets of <i>governmental activities</i> (page 6)	<u>\$ 143,668</u>
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Township of Barry
NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The accounting policies of the Township of Barry, Michigan (the Township), conform to U.S. generally accepted accounting principles (hereinafter referred to as generally accepted accounting principles) as applicable to governments. The following is a summary of the more significant policies.

a) Reporting entity:

In accordance with generally accepted accounting principles and Governmental Accounting Standards Board (GASB) Statement No. 14, *The Financial Reporting Entity*, these financial statements present the Township (primary government) and its component units. The criteria established by the GASB for determining the reporting entity includes oversight responsibility, fiscal dependency, and whether the financial statements would be misleading if data were not included.

Discretely-presented component units:

The component unit columns in the financial statements include the financial data of the Delton District Library and the BPH Fire Department. These entities are presented in separate columns to emphasize that they are legally separate from the Township. These entities are considered component units of the Township because their deposits are held by the Township. Separately issued financial statements are available from the Delton District Library and the BPH Fire Department and can be obtained from the Township Clerk at 155 East Orchard, Delton, Michigan.

b) Government-wide and fund financial statements:

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the Township. The effect of inter-fund activity has been removed from these statements.

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include: (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function; and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Property taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for the governmental activities. Major individual governmental funds are reported as separate columns in the fund financial statements. The government-wide financial statements are reported using the economic resources measurement focus, and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus, and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Township considers revenues to be available if they are expected to be collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, expenditures relating to claims and judgments are recorded only when payment is due.

Township of Barry
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

c) Measurement focus, basis of accounting, and financial statement presentation:

State grants, licenses and permits, charges for services, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable only when cash is received by the government.

The Township reports the following major governmental funds:

The General Fund is the government's primary operating fund. It accounts for all financial resources of the Township, except those required to be accounted for in another fund. Revenues are primarily derived from property taxes and state shared revenue.

The Special Fire Fund accounts for the financial resources used to finance the Township's fire protection costs. Revenues are primarily derived from property taxes.

The Police Fund accounts for the financial resources used to finance Township's police protection costs. Revenues are primarily derived from property taxes.

The Brooklodge Road Fund accounts for financial resources used to finance specific Township road costs. Revenues are primarily derived from special assessments.

The Crooked Lake Sewer Fund accounts for the issuance and payment of debt related to the Crooked Lake Sewer improvements. Revenues are primarily derived from special assessments.

The Fair Lake Sewer Fund accounts for the issuance and payment of debt related to the Fair Lake Sewer improvements. Revenues are primarily derived from special assessments.

Private-sector standards of accounting issued prior to December 1, 1989, are generally followed in the government-wide financial statements to the extent that those standards do not conflict with the standards of the Governmental Accounting Standards Board (GASB). The Township has elected not to follow subsequent private-sector standards.

Amounts reported as program revenues include: (1) charges to customers or applicants for goods, services, or privileges provided; (2) operating grants and contributions; and (3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

d) Assets, liabilities, and net assets or equity:

i) *Bank deposits* - Cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. Pooled interest income is proportionately allocated to all funds.

ii) *Receivables* - In general, outstanding balances between funds are reported as "due to/from other funds." No allowance for uncollectible accounts has been recorded as the Township considers all receivables to be fully collectible.

Township of Barry
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

d) *Assets, liabilities, and net assets or equity* (continued):

iii) *Capital assets* - Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads), are reported in the governmental activities column in the government-wide financial statements. Capital assets other than infrastructure are defined by the government as assets with an initial individual cost of more than \$1,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. Governments can elect to account for infrastructure assets either retroactively to June 15, 1980, or prospectively. The Township has elected to account for infrastructure assets prospectively, beginning April 1, 2004.

Capital assets are depreciated using the straight-line method over the following useful lives:

Land improvements	15 - 30 years
Buildings and improvements	15 - 60 years
Equipment	5 - 20 years
Roads	15 - 30 years

iv) *Deferred revenue* - In the fund financial statements, governmental funds report deferred revenue in connection with resources for revenue that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received but not yet earned.

v) *Fund equity* - In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

vi) *Property tax revenue recognition* - Property taxes are levied as of December 1 on property values assessed as of December 31 of the prior year. The billings are due on or before February 14, after which time the bill becomes delinquent and penalties and interest may be assessed by the Township. Property tax revenue is recognized in the year for which taxes have been levied and become available. The Township levy date is December 1, and, accordingly, the total levy is recognized as revenue in the current year.

NOTE 2 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY:

Budgetary information - Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all governmental funds. The budget document presents information by fund, function, and department. The legal level of budgetary control adopted by the governing body is the function level. All annual appropriations lapse at the end of the fiscal year. The Township had no significant budget variations.

Township of Barry
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 3 - CASH:

At March 31, 2006, cash is classified in the accompanying financial statements as follows:

	<i>Governmental activities</i>	<i>Component units BPH Fire Department</i>	<i>Delton District Library</i>	<i>Total</i>
Deposits with financial institutions	<u>\$ 1,949,862</u>	<u>\$ 18,789</u>	<u>\$ 163,486</u>	<u>\$ 2,132,137</u>

Deposits with financial institutions:

The cash balances of the Township's governmental activities and discretely presented component units, which consist entirely of deposits with financial institutions, amounted to \$2,132,137 at year end. Michigan Compiled Laws Section 129.91 (Public Act 20 of 1943, as amended) and the Township's investment policy authorize the Township to make deposits in the accounts of federally-insured banks, credit unions, and savings and loan associations that have an office in Michigan. The Township's deposits are in accordance with statutory authority.

Custodial credit risk of deposits is the risk that, in the event of the failure of a depository financial institution, the Township will not be able to recover its deposits. Deposits are exposed to custodial credit risk if they are not covered by depository insurance and are uncollateralized. Corresponding bank balances and the uninsured portions are as follows:

	<i>Bank balances</i>	<i>Uninsured portion</i>
Township	\$ 1,956,784	\$ 1,456,784
BPH Fire Department	\$ 18,800	\$ -
Delton District Library	\$ 163,527	\$ 162,531

The Township believes that it is impractical to insure all bank deposits due to the amounts of the deposits and the limits of FDIC insurance. As a result, the Township evaluates each financial institution with which it deposits funds and assesses the risk level of each institution. Only the institutions with an acceptable estimated risk level are used as depositories.

Township of Barry
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 4 - RECEIVABLES:

Receivables as of year-end for the Township's individual major and nonmajor funds, in the aggregate, are as follows:

<u>Fund</u>	<u>Property taxes</u>	<u>Special assessments</u>	<u>Interest</u>	<u>Inter- governmental</u>	<u>Totals</u>
General	\$ 7,250	\$ -	\$ 781	\$ 41,157	\$ 49,188
Special Fire	16,025	-	1,289	-	17,314
Police	16,025	-	1,047	-	17,072
Brooklodge Road	-	107,262	-	-	107,262
Crooked Lake Sewer	-	182,350	-	-	182,350
Fair Lake Sewer	-	434,330	12	-	434,342
Nonmajor funds	-	33,065	25	-	33,090
Totals	<u>\$ 39,300</u>	<u>\$ 757,007</u>	<u>\$ 3,154</u>	<u>\$ 41,157</u>	<u>\$ 840,618</u>
Noncurrent portion	<u>\$ -</u>	<u>\$ 602,905</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 602,905</u>

Governmental funds report deferred revenues in connection with revenues that are not considered to be available to liquidate liabilities of the current period. At the end of the current fiscal year, the various components of deferred revenues are as follows:

<u>Fund</u>	<u>Unavailable</u>	<u>Unearned</u>
Crooked Lake Sewer	\$ 173,374	\$ -
Fair Lake Sewer	430,788	-
Crooked Lake Weed Control	-	31,950
Brooklodge Road	-	133,600
Totals	<u>\$ 604,162</u>	<u>\$ 165,550</u>

Township of Barry
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 5 - CAPITAL ASSETS:

Capital asset activity for the year ended March 31, 2006, was as follows:

	<u>Beginning balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending balance</u>
Primary government				
Capital assets being depreciated:				
Vehicles	\$ 601,000	\$ -	\$ -	\$ 601,000
Buildings	316,039	7,620	-	323,659
Shared road costs	-	75,532	-	75,532
Equipment	249,480	16,850	-	266,330
Subtotal	<u>1,166,519</u>	<u>100,002</u>	<u>-</u>	<u>1,266,521</u>
Less accumulated depreciation for:				
Vehicles	460,400	21,200	-	481,600
Buildings	205,883	7,168	-	213,051
Shared road costs	-	2,518	-	2,518
Equipment	57,502	21,547	-	79,049
Subtotal	<u>723,785</u>	<u>52,433</u>	<u>-</u>	<u>776,218</u>
Governmental activities capital assets, net	<u>\$ 442,734</u>	<u>\$ 47,569</u>	<u>\$ -</u>	<u>\$ 490,303</u>
Discretely presented component units:				
BPH Fire Department				
Equipment and vehicles	\$ 591,632	\$ 248,033	\$ -	\$ 839,665
Less accumulated depreciation	352,445	32,954	-	385,399
BPH Fire Department capital assets, net	<u>\$ 239,187</u>	<u>\$ 215,079</u>	<u>\$ -</u>	<u>\$ 454,266</u>
Delton District Library				
Building, books, and equipment	\$ 961,936	\$ 16,692	\$ -	\$ 978,628
Less accumulated depreciation	260,539	42,148	-	302,687
Delton District Library capital assets, net	<u>\$ 701,397</u>	<u>\$ (25,456)</u>	<u>\$ -</u>	<u>\$ 675,941</u>

Township of Barry
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 5 - CAPITAL ASSETS (continued):

Depreciation expense was charged to functions of the Township as follows:

Governmental activities:	
General government	\$ 13,733
Public safety	36,182
Public works	<u>2,518</u>
	<u>\$ 52,433</u>

NOTE 6 - PAYABLES:

Payables as of year-end for the Township's individual major and nonmajor funds, in the aggregate, are as follows:

<u>Fund</u>	<u>Accounts</u>	<u>Inter- governmental</u>	<u>Totals</u>
General	\$ 2,635	\$ -	\$ 2,635
Police	737	-	737
Crooked Lake Sewer	-	8,976	8,976
Fair Lake Sewer	-	3,541	3,541
Hickory Fire	795	-	795
Nonmajor funds	<u>-</u>	<u>530</u>	<u>530</u>
Totals	<u>\$ 4,167</u>	<u>\$ 13,047</u>	<u>\$ 17,214</u>

NOTE 7 - LONG-TERM OBLIGATIONS:

Long-term debt at March 31, 2006, is comprised of the following issue:

Special assessment debt:

The Township has a contractual agreement to remit to the Southwest Barry County Sewer and Water Authority (the Authority) all principal and interest collections arising from special assessments levied on properties served by the Authority. In the event that the Authority is unable to meet its debt service requirements, an assessment may be made against the Township. The Township has pledged its full faith and credit for the payment of its share of any such deficiency.

Crooked Lake Sewer	\$ 173,374
Fair Lake Sewer	<u>430,788</u>
	<u>\$ 604,162</u>

Township of Barry
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 7 - LONG-TERM OBLIGATIONS (Continued)

Long-term obligation activity for the ended March 31, 2006, is as follows:

Balance - beginning	\$ 712,955
Retirements	<u>(108,793)</u>
Balance - ending	<u>\$ 604,162</u>
Due within one year	<u>\$ 100,870</u>

Debt service requirements at March 31, 2006, are as follows:

<u>Year ended March 31:</u>	<u>Principal</u>	<u>Interest</u>
2007	\$ 100,870	\$ 31,931
2008	100,870	27,197
2009	100,871	22,463
2010	43,079	17,728
2011	43,079	15,196
2012 - 2016	<u>215,393</u>	<u>37,989</u>
Totals	<u>\$ 604,162</u>	<u>\$ 152,504</u>

NOTE 8 - INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS:

A summary of interfund transfers for the year ended March 31, 2006, is as follows:

<u>Fund</u>	<u>Transfer in</u>	<u>Fund</u>	<u>Transfer out</u>
Hickory Fire	<u>\$ 69,992</u>	Special Fire	<u>\$ 69,992</u>

The transfer to the Hickory Fire Fund represents unrestricted revenues collected in the Special Fire Fund to pay for public safety costs.

NOTE 9 - DEFINED CONTRIBUTION PENSION PLAN:

The Township provides pension benefits for its elected officials, full-time police officers, and cemetery sexton through a defined contribution plan. The plan became effective on April 1, 1984. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings.

The Township contributes annually between 10 - 16% of the employees' base salary, or \$150, whichever is greater. The Township's contributions for each employee (and interest allocated to the employee's account) are fully vested immediately. The Township is not a trustee of the plan, nor is the Township responsible for investment management of plan assets. The Township made the required contributions for the year in the amount of \$29,386.

Township of Barry
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 10 - RISK MANAGEMENT:

The Township is exposed to various risks of loss related to property loss, torts, errors and omissions, and employee injuries (workers' compensation). The Township has purchased commercial insurance for each of these claims and is neither self-insured nor participates in a shared-risk pool. Settled claims relating to commercial insurance have not exceeded the amount of insurance coverage in any of the past three fiscal years.

The Delton District Library, discretely presented component unit, is party to the Township's insurance policies. The BPH Fire Department, a discretely presented component unit, manages risk of loss through the purchase of commercial insurance.

NOTE 11 - JOINTLY GOVERNED ENTITY:

The Township, together with the Townships of Johnstown, Hope, and Prairieville established the Southwest Barry County Sewer and Water Authority (the Authority), under the provisions of Act 233 of 1955, to operate, maintain, administer, and manage a sewage collection and disposal system. The governing body of the Authority is made up of the supervisors of each member township. Membership does not convey an equity interest in the organization. Operating costs are financed through user fees, and debt service costs are paid from special assessments upon benefited properties.

REQUIRED SUPPLEMENTARY INFORMATION

Township of Barry
BUDGETARY COMPARISON SCHEDULE - General Fund
Year ended March 31, 2006

	<u>Original budget</u>	<u>Amended budget</u>	<u>Actual</u>	<u>Variance favorable (unfavorable)</u>
REVENUES				
Property taxes	\$ 84,000	\$ 84,000	\$ 94,926	\$ 10,926
State grants	200,000	200,000	262,870	62,870
Charges for services	7,000	7,000	8,150	1,150
Interest and rentals	8,300	8,300	28,152	19,852
Other	13,000	13,000	6,600	(6,400)
Total revenues	<u>312,300</u>	<u>312,300</u>	<u>400,698</u>	<u>88,398</u>
EXPENDITURES				
Legislative	5,900	5,900	5,439	461
General government	325,370	325,370	222,975	102,395
Public works	169,500	169,500	140,495	29,005
Culture and recreation	59,100	31,100	29,906	1,194
Capital outlay	176,000	176,000	4,010	171,990
Total expenditures	<u>735,870</u>	<u>707,870</u>	<u>402,825</u>	<u>305,045</u>
DEFICIENCY OF REVENUES OVER EXPENDITURES	<u>(423,570)</u>	<u>(395,570)</u>	<u>(2,127)</u>	<u>393,443</u>
OTHER FINANCING USES				
Transfers out	<u>(30,000)</u>	<u>(30,000)</u>	<u>-</u>	<u>30,000</u>
NET CHANGES IN FUND BALANCES	<u>(453,570)</u>	<u>(425,570)</u>	<u>(2,127)</u>	<u>423,443</u>
FUND BALANCES - BEGINNING	<u>976,327</u>	<u>976,327</u>	<u>976,327</u>	<u>-</u>
FUND BALANCES - ENDING	<u>\$ 522,757</u>	<u>\$ 550,757</u>	<u>\$ 974,200</u>	<u>\$ 423,443</u>

Township of Barry**BUDGETARY COMPARISON SCHEDULE - Special Fire Fund**

Year ended March 31, 2006

	<u>Original budget</u>	<u>Amended budget</u>	<u>Actual</u>	<u>Variance favorable (unfavorable)</u>
REVENUES				
Property taxes	\$ 155,000	\$ 155,000	\$ 182,495	\$ 27,495
Interest	2,000	2,000	12,686	10,686
Other	2,000	2,000	153	(1,847)
Total revenues	<u>159,000</u>	<u>159,000</u>	<u>195,334</u>	<u>36,334</u>
EXPENDITURES				
Public safety	<u>206,500</u>	<u>113,500</u>	<u>105,574</u>	<u>7,926</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(47,500)	45,500	89,760	44,260
OTHER FINANCING USES				
Transfer out - Hickory Fire Fund	<u>(72,000)</u>	<u>(72,000)</u>	<u>(69,692)</u>	<u>2,308</u>
NET CHANGES IN FUND BALANCES	(119,500)	(26,500)	20,068	46,568
FUND BALANCES - BEGINNING	<u>515,239</u>	<u>515,239</u>	<u>515,239</u>	<u>-</u>
FUND BALANCES - ENDING	<u>\$ 395,739</u>	<u>\$ 488,739</u>	<u>\$ 535,307</u>	<u>\$ 46,568</u>

Township of Barry
BUDGETARY COMPARISON SCHEDULE - Police Fund
Year ended March 31, 2006

	<u>Original budget</u>	<u>Amended budget</u>	<u>Actual</u>	<u>Variance favorable (unfavorable)</u>
REVENUES				
Property taxes	\$ 155,000	\$ 155,000	\$ 182,495	\$ 27,495
State grant	1,500	1,500	1,976	476
Interest	1,200	1,200	9,262	8,062
Other	1,000	1,000	2,907	1,907
Total revenues	<u>158,700</u>	<u>158,700</u>	<u>196,640</u>	<u>37,940</u>
EXPENDITURES				
Public safety	120,857	125,570	117,918	7,652
Capital outlay	<u>3,500</u>	<u>3,500</u>	<u>4,311</u>	<u>(811)</u>
Total expenditures	<u>124,357</u>	<u>129,070</u>	<u>122,229</u>	<u>6,841</u>
NET CHANGES IN FUND BALANCES	34,343	29,630	74,411	44,781
FUND BALANCES - BEGINNING	<u>375,436</u>	<u>375,436</u>	<u>375,436</u>	<u>-</u>
FUND BALANCES - ENDING	<u>\$ 409,779</u>	<u>\$ 405,066</u>	<u>\$ 449,847</u>	<u>\$ 44,781</u>

SUPPLEMENTARY INFORMATION

Township of Barry**COMBINING BALANCE SHEET - nonmajor governmental funds**

March 31, 2006

	Special revenue funds			
		SWBC	Crooked	
	Cemetery	Development Team	Lake Weed Control	Hickory Fire
ASSETS				
Cash	\$ 20,716	\$ 1,511	\$ 1,641	\$ 7,902
Receivables	25	-	32,535	-
Total assets	<u>\$ 20,741</u>	<u>\$ 1,511</u>	<u>\$ 34,176</u>	<u>\$ 7,902</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Payables	\$ -	\$ -	\$ -	\$ 795
Due to other funds	-	-	-	-
Deferred revenue	-	-	31,950	-
Total liabilities	-	-	31,950	795
Fund balances - unreserved, undesignated	<u>20,741</u>	<u>1,511</u>	<u>2,226</u>	<u>7,107</u>
Total liabilities and fund balances	<u>\$ 20,741</u>	<u>\$ 1,511</u>	<u>\$ 34,176</u>	<u>\$ 7,902</u>

	<i>Debt service fund</i>	<i>Total other governmental funds</i>
<u>Totals</u>	<u>Baseline Road</u>	
\$ 31,770	\$ -	\$ 31,770
<u>32,560</u>	<u>530</u>	<u>33,090</u>
 \$ 64,330	 \$ 530	 \$ 64,860
 \$ 795	 \$ 530	 \$ 1,325
-	-	-
<u>31,950</u>	<u>-</u>	<u>31,950</u>
 32,745	 530	 33,275
 <u>31,585</u>	 <u>-</u>	 <u>31,585</u>
 \$ 64,330	 \$ 530	 \$ 64,860

Township of Barry**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - nonmajor governmental funds**

Year ended March 31, 2006

	Special revenue funds			
	Cemetery	SWBC Development Dev Team	Crooked Lake Weed Control	Hickory Fire
REVENUES				
Charges for services	\$ 2,075	\$ -	\$ -	\$ 11,620
Interest	636	9	12	59
Other	73	-	11,205	115
	<u>2,784</u>	<u>9</u>	<u>11,217</u>	<u>11,794</u>
Total revenues	2,784	9	11,217	11,794
EXPENDITURES				
General government	250	-	-	-
Public safety	-	199	-	80,761
Public works	-	-	10,245	-
Capital outlay	-	-	-	461
	<u>250</u>	<u>199</u>	<u>10,245</u>	<u>81,222</u>
Total expenditures	250	199	10,245	81,222
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	2,534	(190)	972	(69,428)
OTHER FINANCING SOURCES				
Transfers in	-	-	-	69,692
	<u>-</u>	<u>-</u>	<u>-</u>	<u>69,692</u>
NET CHANGE IN FUND BALANCES	2,534	(190)	972	264
FUND BALANCES - BEGINNING	18,207	1,701	1,254	6,843
	<u>18,207</u>	<u>1,701</u>	<u>1,254</u>	<u>6,843</u>
FUND BALANCES - ENDING	\$ 20,741	\$ 1,511	\$ 2,226	\$ 7,107
	<u>\$ 20,741</u>	<u>\$ 1,511</u>	<u>\$ 2,226</u>	<u>\$ 7,107</u>

	<i>Debt service</i>	
	<i>fund</i>	<i>Total other</i>
<i>Totals</i>	<i>Baseline</i>	<i>governmental</i>
	<i>Road</i>	<i>funds</i>
\$ 13,695	\$ -	\$ 13,695
716	-	716
11,393	3,710	15,103
25,804	3,710	29,514
250	-	250
80,960	-	80,960
10,245	3,710	13,955
461	-	461
91,916	3,710	95,626
(66,112)	-	(66,112)
69,692	-	69,692
3,580	-	3,580
28,005	-	28,005
\$ 31,585	\$ -	\$ 31,585